## Johnson, Thomas & Cunningham

#### **Certified Public Accountants**

Eddic G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation Roger M Cunningham, CPA - A Professional Corporation Jessica H Broadway, CPA - A Professional Corporation Ryan E. Todtenbier, CPA - A Professional Corporation 321 Bienville Street Natchitoches, Louisiana 71457 (318) 352-3652 Fox (318) 352-4447

August 13, 2013

Suzanne H. Elliott, CPA Engagement Manager Louisiana Legislative Auditor P. O. Box 94397 Baton Rouge, LA 70804-9397

Re: Village of Converse, Louisiana

Dear Suzanne:

The Annual Financial Report for the Village of Converse, Louisiana, for the year ended December 31, 2012 has been revised, for the following reason:

The words "Independent Auditor's" were originally omitted in the title of the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. This title has been corrected.

There were no other revisions to the original report.

Sincerely,

Mark D. Thomas, CPA

MDT/drs

Under provisions of state law this report is a public document. Acopy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate at the office of the parish clerk of court.

Release Date AUG 2 8 2013

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Governmental Audit Quality Center

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REISSUE

#### VILLAGE OF CONVERSE, LOUISIANA

ANNUAL FINANCIAL REPORT DECEMBER 31, 2012

#### Village of Converse, Louisiana Financial Report December 31, 2012

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## Village of Converse, Louisiana

P. O. Box 40 Converse, LA 71419

## MANAGEMENT'S DISCUSSION AND ANALYSIS for the Year Ended December 31, 2012

The Management's Discussion and Analysis of the Village of Converse's financial performance presents a narrative overview and analysis of the Village's financial activities for the year ended December 31, 2012 This document focuses on the current year's activities, resulting changes, and currently known facts Please read this document in conjunction with the additional information contained in the Village of Converse's financial statements, which begin on page 12

#### Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. These statements tell how the services were financed in the short-term as well as what remains for future spending

#### Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities. The Village uses funds to ensure and demonstrate compliance with finance related laws and regulations. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources at the end of the year. As the Government-Wide Financial Statements includes the long-term view, comparisons between these two views may provide insight into the long-term impact of short-term financing decreases. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the difference between these two views.

#### A summary of the basic government-wide financial statements is as follows

#### Summary of Statement of Net Position

		December 2012			December 2011	
	Governmental	Business-Type		Governmental	Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
ASSETS						
Current & Other Assets Capital Assets, Net of	\$340,111	\$ 94,141	\$ 434,252	\$280,260	\$ 102,496	\$ 382,756
Accumulated Depreciation	<u>535,485</u>	1,566,532	<u>2,102,017</u>	<u>527,797</u>	<u>1,376,149</u>	<u>1,903,946</u>
Total Assets	\$ <u>875,596</u>	\$ <u>1,660,673</u>	\$ <u>2,536,269</u>	\$ <u>808,057</u>	\$ <u>1,478,645</u>	\$ <u>2,286,702</u>
LIABILITIES						
Accounts Payable/Accruals Due to Other Funds Customer Deposits	\$ 5,577 0 0	\$ 2,311 69,216 12,050	\$ 7,888 69,216 12,050	\$ 6,204 0 0	\$ 727 30,006 	\$ 6,931 30,006 11,900
Total Liabilities	\$ <u>5,577</u>	\$ <u>83,577</u>	\$ <u>89,154</u>	\$ 6,204	\$ <u>42,633</u>	\$ 48,837
NET POSITION						
Net Investment						
ın Capıtal Assets	\$535,485	\$1,566,532	\$2,102,017	\$527,797	\$1,376,149	\$1,903,946
Unrestricted Net Position	<u>334,534</u>	<u>10,564</u>	_345,098	<u>274,056</u>	<u>59,863</u>	<u>333,919</u>
<b>Total Net Position</b>	\$ <u>870,019</u>	\$ <u>1,577,096</u>	\$ <u>2,447,115</u>	\$ <u>801,853</u>	\$ <u>1,436,012</u>	\$ <u>2,237,865</u>

		June 2012			June 2011	
	Governmental	Business-Type		Governmental	Business-Type	
	<b>Activities</b>	<b>Activities</b>	<u>Total</u>	<b>Activities</b>	<b>Activities</b>	<u>Total</u>
REVENUES						
General Revenues						
Taxes-						
Ad Valorem	\$ 14,877	\$ 0	\$ 14,877	\$ 26,324	\$ 0	\$ 26,324
Licenses & Permits	33,843	0	33,843	36,375	0	36,375
Sales Tax	95,763	0	95,763	83,423	0	83,423
Fines	28,010	0	28,010	49,098	0	49,098
Royalty	30,800	0	30,800	101,138	0	101,138
Charges for Services	0	86,779	86,779	0	108,809	108,809
Capital Grants	0	208,583	208,583	0	398,137	398,137
Miscellaneous	<u>8,200</u>	3,031	<u>11,231</u>	<u>3,791</u>	2,857	<u>6,648</u>
Total Revenues	\$ <u>211,493</u>	\$ <u>298,393</u>	\$ <u>509,886</u>	\$ <u>300,149</u>	\$_509,803	\$ <u>809,952</u>
EXPENDITURES						
General Government	\$ 51,872	\$ 0	\$ 51,872	\$ 63,955	<b>\$</b> 0	\$ 63,955
Public Safety	45,432	0	45,432	59,521	0	59,521
Highways & Streets	46,023	0	46,023	19,205	0	19,205
Operating Expense	0	<u>157,308</u>	<u>157,308</u>	0	<u>125,132</u>	<u>125,132</u>
Total Expenditures	\$ <u>143,327</u>	\$ <u>157,308</u>	\$ <u>300,635</u>	\$ <u>142,681</u>	\$ <u>125,132</u>	\$ <u>267,813</u>
Excess of Revenues						
over Expenditures	\$ 68,166	\$ 141,085	\$ 209,251	\$157,468	\$ 384,671	\$ 542,139
Net Position-Beginning of Year	<u>801,853</u>	<u>1,436,011</u>	<u>2,237,864</u>	<u>644,385</u>	<u>1,051,341</u>	<u>1,695,726</u>
Net Position-End of Year	\$ <u>870.019</u>	\$ <u>1,577,096</u>	\$ <u>2,447,115</u>	\$ <u>801,853</u>	\$ <u>1,436,012</u>	\$ <u>2,237,865</u>

#### FINANCIAL HIGHLIGHTS

#### Governmental Activities

- Village of Converse had cash of \$230,782 at December 31, 2012, which represents an increase of \$13,592 from prior year end
- 2 Village of Converse had receivables of \$35,015 at December 31, 2012, which represents an increase of \$6,367 from prior year end
- 3 Village of Converse had accounts payable and accruals of \$5,577 at December 31, 2012, which represents a decrease of \$627 from the prior year end
- 4 Village of Converse had total revenues of \$211,493 for the year ended December 31, 2012, which represents a decrease of \$88,656 from prior year
- 5 Village of Converse had total expenses of \$143,327 for the year ended December 31, 2012, which represents an increase of \$646 from prior year
- 6 Village of Converse had capital improvements of \$31,191 for the year ended December 31, 2012

#### **Business-Type Activities**

- 1 Village of Converse had cash of \$85,680 for the year ended December 31, 2012, which represents a decrease of \$8,512 from prior year
- 2 Village of Converse had accounts receivable of \$6,639 for the year ended December 31, 2012, which represents a decrease of \$65 from prior year
- 3 Village of Converse had accounts payable and accruals of \$2,311 for the year ended December 31, 2012, which represents an increase of \$1,584 from prior year
- 4 Village of Converse had total revenues of \$298,393 for the year ended December 31, 2012, which represents an increase of \$186,727 from prior year due mainly to the receipt of \$203,583 in Grants
- 5 Village of Converse had total expenses of \$157,308 for the year ended December 31, 2012, which represents an increase of \$32,176 from prior year
- 6 Village of Converse had capital asset improvements of \$246,506 for the year ended December 31, 2012

#### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of 2012, Village of Converse had \$535,485, and \$1,566,532 net of depreciation in Governmental Activities and Business-Type Activities, respectively, invested in a broad range of capital assets (See table below)

	Governmental Activities	Business-Type Activities
Land	\$ 1,600	\$ 10,000
Buildings and other improvements	533,885	0
Distribution system	0	1,468,034
Equipment, furniture and fixtures	0	<u>88,497</u>
Total	\$ <u>535,485</u>	\$ <u>1.566,531</u>

This year's major additions included

Utility Fund – New water meters, improvements to the sewer treatment plant and repairs to the system due to damages from Hurricanes Gustav/lke

General Fund - New vehicle and repairs to the Village Hall

#### VARIATIONS BETWEEN FINAL BUDGET AND ACTUAL

Actual revenues were \$39,993 more than budgeted amounts

Actual expenditures were \$20,701 less than budgeted amounts due to public safety being less than expected

There was one amendment for the year

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Village of Converse's elected officials considered the following factors and indicators when selling next year's budget, rates and fees 
These factors and indicators include

- 1 Taxes
- 2 Intergovernmental revenues (state and local grants)
- 3 License and permits
- 4 Fines

Village of Converse does not expect any significant changes in next year's results as compared to the current year

#### CONTACTING VILLAGE OF CONVERSE'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Village of Converse's finances and to show the Village of Converse's accountability for the money it receives. If you have questions about this report or need additional information, contact Troy Terrell, Mayor of the Village of Converse, Post Office Box 40, Converse, Louisiana 71419, (318) 567-3312

### Johnson, Thomas & Cunningham

#### Certified Public Accountants

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#### INDEPENDENT AUDITOR'S REPORT

To the Mayor and Aldermen of the Village of Converse, Louisiana

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities and major fund information of the Village of Converse (Village) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the Louisiana Governmental Audit Guide Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the entity's internal control Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund information of the Village as of December 31, 2012, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America

#### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the introductory section because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

#### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The budgetary comparison listed as required supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison statement is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

#### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 25, 2013, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Village's internal control over financial reporting and compliance.

#### Johnson, Thomas & Cunningham, CPA's

Johnson, Thomas & Cunningham, CPA's

June 25, 2013 Natchitoches, Louisiana

#### **BASIC FINANCIAL STATEMENTS**

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

#### Village of Converse, Louisiana Government-Wide Statement of Net Position December 31, 2012

	Governmental	Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets-			
Cash	\$230,782	\$ 73,630	\$ 304,412
Accounts & Taxes Receivable	35,015	6,639	41,654
Due from Other Funds	69,216	0	69,216
Prepaid Expenses	<u>5,098</u>	1,822	6,920
Total Current Assets	\$ <u>340,111</u>	\$ <u>82,091</u>	\$ <u>422,202</u>
Noncurrent Assets-			
Restricted Cash - Customer Deposits	\$ 0	\$ 12,050	\$ 12,050
Capital Assets, Net	<u>535,485</u>	1,566,532	2,102,017
Total Noncurrent Assets	\$ <u>535,485</u>	\$ <u>1,578,582</u>	\$ <u>2,114,067</u>
Total Assets	\$ <u>875,596</u>	\$ <u>1,660,673</u>	\$ <u>2,536,269</u>
LIABILITIES			
Current Liabilities-			
Accounts Payable/Accruals	\$ 5,577	\$ 2,311	\$ 7,888
Due to Other Funds	0	69,216	69,216
Total Current Liabilities	\$ <u>    5,577                              </u>	\$ <u>71,527</u>	\$ <u>77,104</u>
Noncurrent Liabilities-			
Customer Deposits	\$ <u> </u>	\$ <u>12,050</u>	\$ <u>12,050</u>
Total Liabilities	\$ <u>5,577</u>	\$ <u>83,577</u>	\$ <u>89,154</u>
NET POSITION			
Net Investment in Capital Assets	\$535,485	\$1,566,532	\$2,102,017
Unrestricted Net Position	<u>334,534</u>	10,564	345,098
Total Net Position	\$ <u>870,019</u>	\$ <u>1,577,096</u>	\$ <u>2,447,115</u>
Total Liabilities & Net Position	\$ <u>875,596</u>	\$ <u>1,660,673</u>	\$ <u>2,536,269</u>

## Village of Converse, Louisiana Government-Wide Statement of Activities December 31, 2012

		Progran	n Revenues	N	et (Expense) Rever	iue
		Fees, Fines	Capital Grant	and	Changes in Net Po	sition
		and Charges	and	Governmental	Business-Type	
Activities	Expenses	for Services	Contributions	Activities	Activities	<u>Total</u>
Governmental Activities						
General Government	\$119,824	<b>\$</b> 0	\$ 0	\$(119,824)	\$ 0	\$ (119,824)
Depreciation	23,503	0	0	(23,503)	0	(23,503)
Total Governmental						
Activities	\$ <u>143,327</u>	\$0	\$0	<b>\$</b> (143.327)	\$0	\$ <u>(143.327)</u>
Business-Type Activities						
Utility Fund	\$ <u>157,308</u>	\$ <u>86.779</u>	\$ <u>208,583</u>	\$0	\$ <u>138.054</u>	\$ <u>138.054</u>
Total Government	\$ <u>300,635</u>	\$ <u>86,779</u>	\$ <u>208,583</u>	\$ <u>(143.327)</u>	\$ <u>138.054</u>	\$ <u>(5,273)</u>
		General Rev	venues			
		Taxes-				
		Ad Va	alorem	\$ 14,877	\$ 0	\$ 14,877
		Licens	ses & Permits	33,843	0	33,843
		Sales		95,763	0	95,763
		Royalty		30,800	0	30,800
		Fines		28,010	0	28,010
		Miscella	neous	<u>8.200</u>	3.031	11,231
		Total	General Revenues	\$ <u>211.493</u>	\$ <u>3.031</u>	\$ <u>214.524</u>
		Chang	ge in Net Position	\$ 68,166	\$ 141,085	\$ 209,251
		Net Position	n at Beginning of Year	801,853	1.436.011	2,237,864
		Net Position	n at End of Year	\$ <u>870,019</u>	\$ <u>1,577,096</u>	\$ <u>2,447,115</u>

#### **FUND FINANCIAL STATEMENTS**

#### Village of Converse, Louisiana Balance Sheet-Governmental Fund December 31, 2012

Taxes Receivable Other Receivables Due from Other Funds Prepaid Expenses  Total Assets  LIABILITIES Accounts Payable/Accruals  FUND BALANCE	
Taxes Receivable Other Receivables Due from Other Funds Prepaid Expenses  Total Assets  LIABILITIES Accounts Payable/Accruals  FUND BALANCE Nonspendable-Prepaid Expenses	
Other Receivables Due from Other Funds Prepaid Expenses  Total Assets  LIABILITIES Accounts Payable/Accruals  FUND BALANCE Nonspendable-Prepaid Expenses	\$230,782
Due from Other Funds Prepaid Expenses  Total Assets  LIABILITIES Accounts Payable/Accruals  FUND BALANCE Nonspendable-Prepaid Expenses	27,438
Prepaid Expenses  Total Assets  LIABILITIES Accounts Payable/Accruals  FUND BALANCE Nonspendable-Prepaid Expenses	7,577
Total Assets  LIABILITIES Accounts Payable/Accruals  FUND BALANCE Nonspendable-Prepaid Expenses	69,216
LIABILITIES Accounts Payable/Accruals  FUND BALANCE Nonspendable-Prepaid Expenses	5,098
Accounts Payable/Accruals  FUND BALANCE  Nonspendable-Prepaid Expenses  \$	3 <u>40,111</u>
FUND BALANCE Nonspendable-Prepaid Expenses \$	
Nonspendable-Prepaid Expenses \$	<u>5,577</u>
·	
·	5,098
	<u>329,436</u>
Total Fund Balance	<u>334,534</u>
Total Liabilities	
and Fund Balances	340,111

\$ 334,534

#### Village of Converse, Louisiana Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position December 31, 2012

Total Fund Balance for the Governmental Fund

Amounts reported for Governmental Activities in the Statement of Net Position are different because

Capital Assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Fund Balance Sheet-

Capital Assets 721,102
Less, Accumulated Depreciation (185,617)

Total Net Position of Governmental Activities \$\\\ \frac{870.019}{}\]

## Village of Converse, Louisiana Statement of Revenues, Expenditures and Change in Fund BalanceGovernmental Fund Year Ended December 31, 2012

	General Fund
Revenues	<del></del>
Taxes-	
Ad Valorem	\$ 14,877
Licenses & Permits	33,843
Sales Tax	95,763
Fines & Forfeits	28,010
Miscellaneous-	
Royalty	30,800
Miscellaneous	8,200
Total Revenues	\$ <u>211,493</u>
Expenditures	
General Government	\$ 58,247
Public Safety	45,373
Streets	16,204
Capital Outlay-Police	29,316
Capital Outlay-General Government	1,875
Total Expenditures	\$ <u>151,015</u>
Excess of Revenues over Expenditures	\$ 60,478
Fund Balance-Beginning of Year	<u>274,056</u>
Fund Balance-End of Year	\$ <u>334,534</u>

# Village of Converse, Louisiana Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities for the Year Ended December 31, 2012

Net Change in Fund Balance-Governmental Fund	\$ 60,478
Amounts reported for Governmental Activities in the Statement of Activities are different because	
Governmental Funds report Capital Outlay as expenditures However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of Capital Assets recorded in the current period is	31,191
Depreciation expense on Capital Assets is reported in the Government-wide Financial Statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements Current year depreciation expense is	(23,503)
Total Change in Net Position	\$ <u>68.166</u>

#### Village of Converse, Louisiana Statement of Net Position Proprietary Fund-Utility Fund Year Ended December 31, 2012

ASSETS	
Current Assets-	
Cash	\$ 73,630
Accounts Receivable	6,639
Prepaid Insurance	1,822
Total Current Assets	\$ <u>82,091</u>
Noncurrent Assets-	
Restricted Cash - Deposits	\$ 12,050
Capital Assets, Net	<u>1,566,532</u>
Total Noncurrent Assets	\$ <u>1,578,582</u>
Total Assets	\$ <u>1,660,673</u>
LIABILITIES	
Current Liabilities-	
Accounts Payable/Accruals	\$ 2,311
Due to Other Funds	<u>69,216</u>
Total Current Liabilities	\$ 71,527
Noncurrent Liabilities -	
Customers' Deposits	\$ <u>12,050</u>
Total Liabilities	\$ <u>83,577</u>
NET POSITION	
Net Investment in Capital Assets	\$1,566,532
Unrestricted Net Position	10,564
Total Net Position	\$ <u>1,577,096</u>

## Village of Converse, Louisiana Statement of Revenues, Expenses and Change in Net Position Proprietary Fund-Utility Fund Year Ended December 31, 2012

OPERATING REVENUES	
Charges for Services	\$ 86,780
Miscellaneous	<u>2,818</u>
Total Operating Revenues	\$ <u>89,598</u>
. •	
OPERATING EXPENSES	
Personal Services	\$ 44,652
Utilities	13,759
Repair & Maintenance	5,859
Other Supplies & Expenses	31,333
Insurance	6,275
Depreciation	<u>55,430</u>
Total Operating Expenses	\$ <u>157,308</u>
Loss from Operations	\$ <u>(67,710</u> )
•	\$ <u>(67,710</u> )
NON-OPERATING REVENUES (EXPENSES)	
•	\$ 31,049
NON-OPERATING REVENUES (EXPENSES)	
NON-OPERATING REVENUES (EXPENSES) Grant-Water	\$ 31,049
NON-OPERATING REVENUES (EXPENSES) Grant-Water Grant-Sewer Interest	\$ 31,049 177,533 213
NON-OPERATING REVENUES (EXPENSES) Grant-Water Grant-Sewer	\$ 31,049 177,533
NON-OPERATING REVENUES (EXPENSES) Grant-Water Grant-Sewer Interest Total Non-Operating Revenues (Expenses)	\$ 31,049 177,533 213 \$ 208,795
NON-OPERATING REVENUES (EXPENSES) Grant-Water Grant-Sewer Interest	\$ 31,049 177,533 213
NON-OPERATING REVENUES (EXPENSES) Grant-Water Grant-Sewer Interest Total Non-Operating Revenues (Expenses) Change in Net Position	\$ 31,049 177,533 213 \$ 208,795 \$ 141,085
NON-OPERATING REVENUES (EXPENSES) Grant-Water Grant-Sewer Interest Total Non-Operating Revenues (Expenses)	\$ 31,049 177,533 213 \$ 208,795
NON-OPERATING REVENUES (EXPENSES) Grant-Water Grant-Sewer Interest Total Non-Operating Revenues (Expenses) Change in Net Position	\$ 31,049 177,533 213 \$ 208,795 \$ 141,085

#### Village of Converse, Louisiana Statement of Cash Flows Proprietary Fund-Utility Fund Year Ended June 30, 2012

Cash Flows from Operating Activities Cash Receipts from Customers	\$ 86,844
Cash Receipts from Customers' Deposits	150
Cash Payments to Suppliers and Employees	(61,305)
Other Operating Income	<u>2,818</u>
Outer Operating income	2,010
Net Cash Provided by Operating Activities	\$ <u>28,507</u>
Cash Flows from Non-Capital Financing Activities Grant Income	\$ <u>208,583</u>
Cash Flows from Capital and Related Financing Activities Acquisition of Capital Assets	\$ <u>(245,815</u> )
Cook Flavor from Lavortung Actuation	
Cash Flows from Investing Activities Interest Income	\$ <u>213</u>
microst modific	<u> </u>
Net Increase in Cash and Cash Equivalents	\$ (8,512)
Cash and Cash Equivalents-Beginning of Year	94,192
Cash and Cash Equivalents-End of Year	\$ <u>85,680</u>
Reconciliation of Income from Operations to	
Net Cash Provided (Used) by Operating Activities	
Operating Loss	\$ (67,710)
Adjustments to Reconcile Operating Income to	
Net Cash Provided (Used) by Operating Activities	
Depreciation	55,430
Changes in Assets and Liabilities-	
(Increase) Decrease in Accounts Receivable	65
(Increase) Decrease in Prepaid Insurance	(222)
Increase (Decrease) in Accounts Payable	1,584
Increase (Decrease) in Customer Deposits	150
Increase (Decrease) in Due to Other Funds	<u>39,210</u>
Total Adjustments	\$ <u>96,217</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>28,507</u>

#### NOTES TO FINANCIAL STATEMENTS

#### **Introduction:**

The Village of Converse, Louisiana, is incorporated under the Lawrason Act with a Mayor-Board of Aldermen form of government. The executive branch of government is headed by the Mayor and the legislative branch consists of three Aldermen.

This report includes all funds which are controlled by or dependent on the Village of Converse, Louisiana's executive and legislative branches (the Mayor and Aldermen). Control by or dependence on the Village of Converse, Louisiana was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of government body, and other general oversight responsibility.

The Village's operations include police protection, streets, and general and administrative services In addition, the Village operates a Utility System which provides water and sewer services

#### 1. Summary of Significant Accounting Policies:

#### A. REPORTING ENTITY-

The Village is the basic level of government which has financial accountability and control over all activities related to the Village operations and services provided. The Village is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since the Village Mayor and Board of Aldermen are elected by the public and have decision making authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the Village's reporting entity.

The accompanying general purpose financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### **B. BASIS OF PRESENTATION-**

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole They include all funds of the reporting entity Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues Business-type activities are financed in whole or in part by fees charged to external parties for goods or services

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

#### C. FUND ACCOUNTING-

The accounts of the Village are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Village maintains two funds They are categorized as a governmental fund and a proprietary fund. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The Village reports both its general fund and enterprise fund as major funds.

The funds of the Village are described below

Governmental Fund-

General Fund

The General Fund is the general operating fund of the Village It is used to account for all financial resources except those required to be accounted for in another fund

Proprietary Fund-

Enterprise Fund

The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Village as a whole Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., when they are both measurable and available "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

#### E. CASH AND INTEREST-BEARING DEPOSITS-

For purposes of the Statement of Net Position and Statement of Cash Flows, cash and interestbearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Village

#### F. CAPITAL ASSETS-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows.

Buildings and improvements 40 years Equipment and vehicles 5-10 years Utility system and improvements 40 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

#### G. RESTRICTED ASSETS-

Restricted assets include cash, interest-bearing deposits, and investments of the proprietary fund that are legally restricted as to their use. The restricted assets are related to customer deposits

#### H. COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS-

There is no formal leave policy for the Village, therefore no entry is made to record compensated absences. In addition, the Village does not provide employee benefits beyond employment

#### I. EQUITY CLASSIFICATIONS-

In the government-wide statements, equity is classified as net position and displayed in three components

- a Net investment in capital assets Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets
- b Restricted net position Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provision or enabling legislation
- c Unrestricted net position All other net assets that do not meet the definition of "restricted" or "net investment in capital assets"

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted net resources first, unless a determination is made to use restricted net resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used

- a Nonspendable fund balance amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact
- b Restricted fund balance amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation
- c Committed fund balance amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint
- d Assigned fund balance amounts a government intends to use for a specific purpose, intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority,
- e Unassigned fund balance amounts that are available for any purpose Only the General Fund would report positive amounts in unassigned fund balance

The General Fund has an unassigned fund balance of \$329,436 If applicable, the Village would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds

#### J. EXPENDITURES/EXPENSES-

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities

In the fund financial statements, expenditures are classified as follows

Governmental Funds - By Character Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources Proprietary funds report expenses relating to use of economic resources

#### K. BUDGET AND BUDGETARY ACCOUNTING-

Prior to the beginning of each fiscal year, the Village adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

#### L. ESTIMATES-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates

#### M. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS-

In June 2011, the GASB issued Statement 64, Derivative Instruments Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No 53 GASB 64 provides clarification on whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement is effective for periods beginning after June 15, 2011. The adoption of GASB 64 does not have any impact on the Village's current financial statements.

In December 2010, the GASB issued Statement 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure This statement is effective for periods beginning after December 15, 2011 The adoption of GASB 62 does not have any impact on the Village's financial statements

In June 2011, the GASB issued Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components, assets, deferred outflows of resources, liabilities and deferred inflows of resources. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB 63 does not have any impact on the Village's financial statements, other than to change the name of the Statement of Net Assets.

In November 2010, the GASB issued Statement 60, Accounting and Financial Reporting for Service Concession Arrangements GASB 60 provides financial reporting guidance for service concession arrangements (SCAs) SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011. The Village does not have any SCAs and therefore the adoption of GASB 60 does not have any impact on the Village's financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities* GASB 65 properly classifies and recognizes certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 although the Village elected to early implement statement 65 in calendar year 2012. The adoption of GASB 65 does not have any impact on the Village's financial statements.

#### N. RECEIVABLES-

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible

#### O. BAD DEBTS-

All accounts receivable are considered to be fully collectible

#### P. SALES TAXES-

The Village collects sales and use tax with the net proceeds, after deducting costs of collection and administration, dedicated to construction, acquiring, extending, improving and/or maintaining drainage facilities, streets, street lighting facilities, bridges, sidewalks, waterworks, sewers and sewer disposal works, recreational facilities, public parks, public buildings and equipment, payment of salaries of municipal employees, maintaining and operating the municipal police department including the purchase of equipment thereof, or for anyone or more of said purposes, title to which improvements shall be in the public

#### 2. Ad Valorem Taxes

The Village levies taxes on real and business personal property located within the boundaries of the Village Property taxes are levied by the Village on property values assessed by the Sabine Parish Tax Assessor and approved by the State of Louisiana Tax Commission

The Village bills and collects property taxes The Village recognizes property tax revenues when levied

#### Property Tax Calendar

Assessment date	January 1
Levy date	August 31
Tax bills mailed	October 15
Total taxes are due	December 31
Penalties and interest added	January 31
Lien date	January 31

For the year ended December 31, 2012, taxes of 13 51 mills were levied on property and were dedicated as follows

General Corporate Purposes	5 67 mills
Street Fund	7 84 mills

Total taxes collected were \$14,877 after small adjustments were made to the original tax roll

#### 3. Cash and Cash Equivalents:

The Village has cash, cash equivalents, and time deposits (book balances) as follows

The deposits are stated at cost which approximates market. Under state law these deposits and the resulting bank balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2012, the Village has \$317,441 in deposits (collected bank balances). These deposits are secured from risk as follows.

Demand Deposits	\$ 303,575	
Time Deposits	13,866	
FDIC Insurance	(271,250)	
Pledged Securities	(46,191)	
Uninsured	\$ 0	

#### 4. Accounts Receivable:

The following is a summary of accounts receivable December 31, 2012

	Governmental Activities	Business-Type Activities	<u>Total</u>
Taxes-	11011111105	<u> </u>	<u> 10141</u>
Ad Valorem	\$ 4,876	\$ 0	\$ 4,876
Franchise	3,675	0	3,675
Sales	18,915	0	18,915
Other	7,549	0	7,549
Charges for services	0	<u>6,639</u>	6,639
Total	\$ <u>35,015</u>	\$ <u>6,639</u>	\$41,654

#### 5. Capital Assets:

A summary of Village of Converse's capital assets at December 31, 2012, follows

Governmental <u>Activities</u>	Balance 01-01-12	Additions	<u>Deletions</u>	Balance 12-31-12
Capital Assets, Not Being Depreciated- Land	\$ <u>1.600</u>	\$ <u>0</u>	\$0	\$ <u>1.600</u>
Capital Assets, Being Depreciated- Buildings & Other Improvements \$ Less Accumulated Depreciation Total Buildings & Other Improvements	651,297 _(129,984) \$_521,313	\$ 1,875 (16,879) \$(15,004)	\$ 0 0 \$0	\$ 653,172 (146,863) \$ 506,309
Equipment, Furniture & Futures Less Accumulated Depreciation Total Equipment, Furniture & Fixtures	\$ 37,014 (32,130) \$ 4,884	\$ 29,316 (6,624) \$_22,692	\$ 0 	\$ 653,172 <u>(38,754)</u> \$ 27,576
Total Capital Assets, Being Depreciated	\$ <u>526,197</u>	\$ <u>7.688</u>	\$0	\$ <u>533.885</u>
Governmental Activities Total Capital Assets, Net	<u>\$_527,797</u>	<u>\$ 7,688</u>	<u>\$0</u>	<u>\$ 535,485</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated- Construction in Progress Land Total Capital Assets, Not Being Depreciated	\$ 392,247 10,000 \$402,247	\$ 0 0 \$0	\$ 392,247 0 \$ 392,247	\$ 0 10.000 \$_10.000
Capital Assets, Being Depreciated- Distribution System Less Accumulated Depreciation Total Distribution System	\$1,567,511 _(624,579) \$_942,932	\$ 570,473 (45,370) \$525,103	\$ 0 0 \$0	\$2,137,984 (669,949) \$1,468,035
Equipment, Furniture & Fixtures Less Accumulated Depreciation Total Equipment, Furniture & Fixtures	\$ 94,358 (64,080) \$30,278	\$ 68,280 (10,061) \$_58,219	\$ 0 \$0	\$ 162,638 (74,141) \$88,497
Total Capital Assets, Being Depreciated	\$ <u>973,210</u>	\$ <u>583,322</u>	\$ <u> </u>	\$ <u>1,556,532</u>
Business-Type Activities Total Capital Assets, Net	\$ <u>1,375,457</u>	\$ <u>583,322</u>	\$ <u>(392,247</u> )	\$ <u>1,566,532</u>

#### 6. Accounts Payable/Accruals:

The following is a summary of accounts receivable December 31, 2012

	Governmental Activities	Business-Type <u>Activities</u>	<u>Total</u>	
Vendor & Accruals	\$ <u>5,577</u>	\$ <u>2,311</u>	\$ <u>7.888</u>	

#### 7. Risk Management:

Village of Converse is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Village maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village.

#### 8. Related Parties:

The Village had no identified related party transactions for the year ended December 31, 2012

#### 9. Compensation Paid to the Mayor and Board of Aldermen:

Troy H Terrell - Mayor	\$3,600
Terry Smith	900
David Gentry	900
Travis Womack	900
Total	\$ <u>6,300</u>

#### 10. Pension Plans:

All employees of the Village of Converse, Louisiana are covered by the Social Security System Employees contribute 4 2 percent of their total salary to the System, while the Village contributes 6 2 percent For the year ended December 31, 2012, the Village contributed \$5,809 Any future deficit in this System will be financed by the United States Government

#### 11. Litigation and Claims:

Management has advised that there is no litigation pending against the Village of Converse, Louisiana at December 31, 2012

#### 12. Grants:

The Village of Converse received, from the State, funding for three grants for the improvements/repairs to the Utility System and the Village Hall

- a LGAP 1011-SBN-0101 \$20,000, for the purchase and installation of new water meters. As of December 31, 2012, \$20,000 had been requested and received. This grant is closed
- b LCDBG 2010 Contract No 698956 \$436,507, for improvements to the sewer treatment plant. In prior year, \$392,247 had been requested and received. For 2012, \$43,123 had been requested and received. This contract is complete at December 31, 2012.
- Municipalities Infrastructure Program (MIP) 43MIPS 3201 \$159,880, for recovery needs as a result of Hurricanes Gustav and/or lke As of December 31, 2012, \$145,460 had been requested and received by the Village

#### 13. Subsequent Events:

Management has evaluated events through June 25, 2013, the date which the financial statements were available for issue. There were no items to be reported as subsequent events

#### REQUIRED SUPPLEMENTARY INFORMATION

# Village of Converse, Louisiana Major Fund-General Fund Statement of Revenues, Expenditures and Changes in Fund BalanceBudget (GAAP Basis) and Actual Year Ended December 31, 2012

	Budge	et Amounts		Variance Favorable
	Original	<u>Final</u>	<u>Actual</u>	(Unfavorable)
REVENUES				
Taxes-				
Ad Valorem	\$ 6,500	\$ 15,500	\$ 14,877	\$ (623)
Licenses & Permits	34,000	34,000	33,843	(157)
Sales Tax	59,000	70,000	95,763	25,763
Fines & Forfeits	25,000	25,000	28,010	3,010
Miscellaneous-				
Royalty	0	20,000	30,800	10,800
Miscellaneous	<u> 7,000</u>	<u>7,000</u>	<u>8,200</u>	1,200
Total Revenues	\$ <u>131,500</u>	\$ <u>171,500</u>	\$ <u>211,493</u>	\$ <u>39,993</u>
EXPENDITURES				
General Government	\$ 48,550	\$ 59,550	\$ 58,247	\$ 1,303
Public Safety	59,050	63,050	45,373	17,677
Streets	16,800	19,800	16,204	3,596
Capital Outlay	0	<u>29,316</u>	<u>31,191</u>	<u>(1,875</u> )
Total Expenditures	\$ <u>124,400</u>	\$ <u>171,716</u>	\$ <u>151,015</u>	\$ <u>20,701</u>
Excess (Deficit) of Revenues				
over Expenditures	\$ 7,100	\$ (216)	\$ 60,478	\$ 60,694
Fund Balance at Beginning of Year	<u>274,056</u>	<u>274,056</u>	<u>274,056</u>	0
Fund Balance at End of Year	\$ <u>281.156</u>	\$ <u>273,840</u>	\$ <u>334,534</u>	\$ <u>60,694</u>

#### INTERNAL CONTROL AND COMPLIANCE

### Johnson, Thomas & Cunningham

#### **Certified Public Accountants**

Eddie G Johnson, CPA - A Professional Corporation (1927-1996)

Mark D Thomas, CPA – A Professional Corporation Roger M Cunningham, CPA – A Professional Corporation Jessica H Broadway, CPA – A Professional Corporation Ryan E Todtenbier, CPA – A Professional Corporation 321 Bienville Street Natchitoches, Louisiana 71457 (318) 352-3652 Fax (318) 352-4447

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and Aldermen of the Village of Converse, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, business-type activities, and major fund as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Village of Converse's (Village) basic financial statements and have issued our report thereon dated June 25, 2013

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control Accordingly, we do not express an opinion on the effectiveness of the Village's internal control

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* 

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25 513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's

Johnson, Thomas & Cunningham, CPA's

June 25, 2013 Natchitoches, Louisiana

#### Village of Converse, Louisiana Schedule of Audit Findings Year Ended December 31, 2012

#### I SUMMARY OF AUDIT RESULTS

The following summarize the audit results

- 1 An unmodified opinion was issued on the financial statements of the Village of Converse as of and for the year ended December 31, 2012
- 2 The audit did not disclose any significant deficiencies in internal control
- 3 The audit did not disclose any instances of noncompliance that are required to be reported under Government Auditing Standards

#### II FINDINGS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

No findings

#### **III PRIOR YEAR AUDIT FINDINGS**

No findings